

Supreme Court, U. S.
FILED

AUG 28 1978

MICHAEL RODAK, JR., CLERK

IN THE

Supreme Court of the United States

October Term, 1977

No. 77-1378

JAPAN LINE, LTD.,
KAWASAKI KISEN KAISHA, LTD.,
MITSUI O.S.K. LINES, LTD.,
NIPPON YUSEN KAISHA,
SHOWA LINE, LTD., and
YAMASHITA-SHINNIHON STEAMSHIP CO., LTD.,

Appellants,

—v.—

COUNTY OF LOS ANGELES,
CITY OF LOS ANGELES, and
CITY OF LONG BEACH,

Appellees.

ON APPEAL FROM THE SUPREME COURT
OF THE STATE OF CALIFORNIA

BRIEF OF SEA LAND SERVICE INC.,
AS AMICUS CURIAE

JAMES W. McGRATH, Esq.
Sea Land Service Inc.
4th & Main Street
Winston-Salem, North Carolina
27102
(919) 748-4100

Attorney for Amicus Curiae

IN THE
Supreme Court of the United States

October Term, 1977

No. 77-1378

JAPAN LINE, LTD.,
KAWASAKI KISEN KAISHA, LTD.,
MITSUI O.S.K. LINES, LTD.,
NIPPON YUSEN KAISHA,
SHOWA LINE, LTD., and
YAMASHITA-SHINNIHON STEAMSHIP Co., LTD.,

Appellants,

—v.—

COUNTY OF LOS ANGELES,
CITY OF LOS ANGELES, and
CITY OF LONG BEACH,

Appellees.

ON APPEAL FROM THE SUPREME COURT
OF THE STATE OF CALIFORNIA

**BRIEF OF SEA LAND SERVICE INC.,
AS AMICUS CURIAE**

Question Presented

Whether the imposition of property tax under Section 201, 59 West's Ann. Codes 215 (1970), upon foreign-owned containers used exclusively in foreign commerce. is repug-

nant to various provisions of the Constitution of the United States (the "Constitution"), including Article I, Section 8, Clause 3; Article I, Section 10, Clauses 2 and 3; Article II, Section 2, Clause 2; and Article VI, Clause 2; as well as various treaty obligations of the United States, including the Customs Convention on Containers, 20 U.S.T. 301, T.I.A.S. 6634.

Interest of the *Amicus*

Sea Land Service Inc. (hereinafter referred to as the "*Amicus*") is a corporation established under the laws of the State of Delaware. It is a shipping company engaged in the international carriage of cargo throughout the world. It is the largest operator of containerized vessels in the world. At the present time, the vessels of the *Amicus* call at 130 ports in more than 56 countries.

The interest of the *Amicus* in submitting this brief arises from its concern that foreign governments should not be provoked by actions effectuated at a local governmental level to impose retaliatory taxes upon the property of United States-owned shipping companies. Such retaliatory taxes would be directed solely against United States-owned shipping companies because, if the decision of the California Supreme Court were allowed to stand, the United States would be the only nation in which property taxes would be levied upon foreign-owned instrumentalities used exclusively in foreign commerce. Under rules established by the various liner conferences which *Amicus* and other United States-owned shipping companies are members, they would be required to absorb the entire cost of such retaliatory taxes. This added cost would severely and adversely affect the operations of the United States merchant fleet in the last remaining area where, because

of an American technological development, i.e., the container, it still enjoys some competitive advantage.

The *Amicus* has no interest in resurrecting the "Home Port" doctrine in the case of domestic owned instrumentalities used either in interstate or foreign commerce. The *Amicus* litigated and lost this issue, *Sea Land Services, Inc. v. County of Alameda*, 12 Cal. 3d 772, 117 Cal. Rptr. 448, 528 P.2d 56 (1974), and is paying local property taxes on its containers in various jurisdictions in the State of California.

However, *Amicus* is not prepared to acquiesce in actions that would cause its containers to become subject to a myriad of retaliatory foreign property taxes imposed not only upon a national, but also upon a local, basis. The *Amicus* is concerned solely with assuring the continued application of the "Home Port" doctrine by the Nation as a whole, including state and local governments, to foreign-owned instrumentalities used exclusively in foreign commerce so as to assure the continued reciprocal exemption that has traditionally been extended by foreign governments to United States-owned instrumentalities used in foreign commerce.

ARGUMENT

Unless the decision of the California Supreme Court in this case is reversed, the imposition of state and local property tax upon foreign owned instrumentalities used exclusively in foreign commerce will undoubtedly proliferate throughout the United States. The action that has already been taken in the brief period since the issuance of this decision (including: (i) the proposal by the California State Board of Equalization of March 13, 1978, to subject aircraft used exclusively in foreign commerce to

California property tax; (ii) the assessment by Multnomah County, Oregon, of property tax upon foreign-owned containers used exclusively in foreign commerce in August, 1978, following the issuance of an opinion dated January 31, 1978 of the Oregon Department of Justice, Tax Division, authorizing such action; and (iii) the adoption on June 12, 1978 by the European Economic Community Council (the "EEC") a resolution to study counter-measures to be taken by member states against adoption by non-member states of practices detrimental to the maritime interests of EEC members, clearly support this conclusion.

The probable effect of such taxes will be to provoke retaliatory taxation applied selectively and exclusively against United States-owned instrumentalities used in foreign commerce. This result has been suggested by the United States Department of State ("the State Department") in its letter dated April 17, 1978 to Governor Brown of California. It has been expressly referred to in several of 12 expressions of concern submitted by foreign governments to the State Department protesting the imposition of property tax upon foreign instrumentalities used exclusively in foreign commerce. The law of the Federal Republic of Germany ("West Germany") provides an exemption from property taxation upon foreign instrumentalities of commerce, provided that the country of the owner of such instrumentality provides a reciprocal exemption. Vermoegensteuergesetz ("VSTG") section 2, ¶3.*

* In addition to the foregoing, the Income Tax Treaty between Germany and the United States (5 U.S.T. 3081, T.I.A.S. 3360) has been interpreted by Germany as being applicable to containerization on a reciprocal basis. In a ruling issued by the Finance Minister of Lower Saxony on March 7, 1969, it was determined that containerization shipping activities constitute "operation of ships" and as such are exempt from income tax in Germany if the United States grants a reciprocal exemption. Sea Land has been advised that this interpretation would be applicable to the capital tax imposed in Germany.

That such retaliatory taxes would be applied selectively and exclusively against United States instrumentalities of commerce, such as containers or aircraft, clearly follows from the fact that, if the decision of the California Supreme Court is allowed to stand, the United States would constitute the only nation among its trading partners to sanction the imposition of such a tax.

Under the rules of the various liner conferences to which the *Amicus* Sea Land and other similarly situated United States shipping companies belong, they would be required to absorb any such retaliatory foreign property taxes since, without conference approval, they would not be permitted to increase their tariffs. Since the foreign members of the conference would not be subject to such retaliatory taxes, it is unlikely that the conferences would permit any increase in the schedule of tariffs to reflect such retaliatory taxes. The imposition of such retaliatory taxes upon the containers of United States shipping companies is likely to render them uncompetitive in one of the few maritime areas where the United States has been able to preserve a relatively strong competitive position.

In this respect, the *Amicus* retained the maritime consulting firm of Temple, Barker and Sloane, Inc., to prepare an analysis of the United States container traffic in oceanborne foreign commerce to permit a proper analysis of the impact on the United States merchant fleet of such retaliatory foreign property taxes. A copy of this report is annexed hereto at Attachment "A".

The analysis of United States container traffic in foreign trade reflects data which inevitably leads to the conclusion that the imposition of retaliatory taxes by the foreign governments, which sent letters of protest to the State Department, could severely affect and possibly paralyze container-

ized trade by the United States merchant fleet. Exhibit I of Attachment A describes the various regular trade routes used by United States flag container carriers. These routes are identified in Exhibit I of Attachment A by the following trade route numbers and route descriptions:

- Route 5 (North Atlantic/United Kingdom and Eire);
- Route 6 (North Atlantic / Scandinavia and Baltic Ports);
- Route 7 (North Atlantic/Germany (North Sea));
- Route 8 (North Atlantic/Netherlands and Belgium);
- Route 9 (North Atlantic/France and North Spain);
- Route 11 (South Atlantic/United Kingdom and Eire);
- Route 12 (Atlantic/Far East);
- Route 21 (Gulf/United Kingdom and Ireland, Continental Europe North of Portugal);
- Route 22 (Gulf/Far East); and
- Route 29 (Pacific/Far East).

It should be noted that each of the routes listed above includes countries which have protested the imposition of California property tax upon foreign-owned containers used exclusively in foreign commerce. Exhibit II of Attachment A indicates that these particular routes accounted for more than 77 percent of the aggregate United States container tonnage in 1977. It should be noted that these routes are containerized to the extent of over 90 percent.

Exhibit V to Attachment A contains a comparison of "U.S. Turntime" to "Foreign Turntime," i.e., the average time United States containers spend within the United States as compared to the time they spend in foreign coun-

tries. Based upon this analysis, the aggregate "foreign turntime" is 35.7 percent greater than their "U.S. turntime." Consequently, if foreign jurisdiction imposing retaliatory taxes adopted an "average presence" approach similar to that applied by the Appellee in this case, the containers of United States flag carriers would be considered present in such foreign jurisdictions for a period more than 35 percent greater than their "average presence" in the United States. In rescissionary periods, when the average "turntimes" are extended, the exposure to foreign retaliatory property taxes would be increased. See, *Amicus* brief submitted by the Institute of International Container Lessors.

The imposition of such local property tax by California and other state and local governments will provide and precipitate foreign retaliatory property taxes. Such action will create a most inappropriate burden that will quickly dissipate hard won competitive advantages secured through American technology and efficiency.

The free passage of foreign instrumentalities of commerce through the borders of the international community of nations is a cornerstone of the foreign relations among the United States and its foreign treaty and trading parties. It constitutes an area where the interest of the Federal Government, representing the Nation as a whole, clearly outweighs and preempts the interest of State and local governments to impose a tax in these circumstances. Such a result certainly is proper in the present circumstances where the containers of foreign shipping companies, through a series of specific charges, imposed for wharfage, dockage and the like, must be considered as paying their own way.

In order to preserve the long-standing and universally accepted rule of reciprocal exemption of foreign-owned

instrumentalities used exclusively in foreign commerce and prevent the chaotic effects of selective retaliatory taxation aimed at United States maritime interests, the *Amicus* respectfully requests this Court to reaffirm the "home port" doctrine enunciated in *Hays v. Pacific Mail Shipping Co.*, 58 U.S. (17 How.) 596 (1855), as the governing rule to be followed in the case of foreign instrumentalities used exclusively in international commerce.

CONCLUSION

For the foregoing reasons, it is respectfully requested that the decision of the California Supreme Court should be reversed.

Respectfully submitted,

JAMES W. McGRATH, Esq.
Sea Land Service Inc.
4th & Main Street
Winston-Salem, North Carolina
27102
(919) 748-4100
Attorney for Amicus Curiae

Attachment "A"

I. INTRODUCTION

Temple, Barker and Sloane, Inc. was engaged on behalf of Sea Land Service Inc. to conduct a study of U.S. container traffic in oceanborne foreign commerce. The objectives of the study were:

- To determine the daily average number of U.S. owned containers situated in foreign countries based on a one-year period; and,
- To determine the average amount of time a U.S. owned container spends in foreign countries during a one-year period.

The results of the study and the methodology employed are described in the following sections.

II. FINDINGS

TBS analyzed 1977 U.S. flag liner carriage to develop reasonable, albeit conservative, estimates of the daily average number of U.S. owned containers situated in foreign countries during 1977 and the amount of time each U.S. owned container spent in foreign countries during 1977. The results of this analysis are:

- Daily average number of U.S. Containers in Foreign Countries, 1977 29,374 Units
By Equipment Type (based on 1977 ownership levels)

D-40	9,534 Units
D-35	7,850 Units
D-20	6,357 Units
Other	5,633 Units

- Average amount of time a U.S. Container spent in Foreign Countries, 1977 85.7 Days

Percentage of time in foreign countries 23.5%

Because of the lack of reliable current information on container traffic, these estimates were derived from methodologies which employed a number of critical assumptions. In developing the assumptions, TBS utilized the latest information available, and relied heavily on the current experience of U.S. flag container carriers. The assumptions were designed to yield conservatively low levels of U.S. container activity, and, in fact, establish a world-wide requirement for U.S. containers which is 22,706 units (15.4%) less than the total number of units inventoried by U.S. flag container carriers during 1977. The conservatism of these estimates is further supported by the fact that they do not include any containers owned by U.S. leasing companies which are leased to foreign flag container carriers.

III. METHODOLOGY

In order to satisfy the objectives of this study, it was first necessary to establish the level of U.S. container traffic in foreign trade. The latest published data on U.S. flag container traffic are for calendar year 1974. These data do not accurately reflect current U.S. container carriage. Therefore, TBS developed a methodology for estimating U.S. container carriage during calendar year 1977, as well as the methodologies required to determine the number of U.S. containers in foreign countries and the amount of time they spend in foreign countries. Each of the methodologies including the base assumptions, is described in the following subsections.

A. U.S. CONTAINER TRAFFIC IN FOREIGN TRADE, 1977

All U.S. flag container carriers operate in liner services. TBS reviewed published itineraries of all U.S. flag carriers and determined the trade routes served by each carrier. The total U.S. liner tons carried on each trade route, both inbound and outbound, were developed from Marad Liner Statistics for 1977 (001 Reports). To determine the liner tons carried in containers, TBS developed vessel profiles by operator and type for each trade route. Using this information, the 1974 *Containerized Cargo Statistics* published by Marad, and a TBS analysis of U.S. Flag Liner Service Commodity Carriage and Distribution prepared for Marad, TBS developed estimates of the percentage of liner carriage in containers on each trade route. These percentages were applied to the total liner tons carried in the dominant direction on each trade route to determine the total liner tons carried by containers in the dominant direction on each trade route (Exhibit II).

EXHIBIT I

DESCRIPTION OF TRADE ROUTES ANALYZED FOR CONTAINER TRAFFIC

Trade Route Number	Description
1	Atlantic/East Coast South America
2	Atlantic/West Coast South America
5	North Atlantic/United Kingdom and Eire
6	North Atlantic/Scandinavia and Baltic Ports
7	North Atlantic/Germany (North Sea)
8	North Atlantic/Netherlands and Belgium

Trade Route Number	Description
9	North Atlantic/France and North Spain
10	North Atlantic/Mediterranean, Black Sea and Portugal
11	South Atlantic/United Kingdom and Eire
12	Atlantic/Far East
13	South Atlantic and Gulf/Mediterranean, Black Sea, and Portugal
16	Atlantic, Gulf/Australasia
18	Atlantic, Gulf/India, Persian Gulf, Red Sea, Pakistan, and Burma
20	Gulf/East Coast South America
21	Gulf/United Kingdom and Ireland, Continental Europe North of Portugal
22	Gulf/Far East
24	U.S. Pacific/East Coast South America
25	Pacific/West Coast South America, Central America and Mexico
27	Pacific/Australasia
28	Pacific/Burma, Sri Lanka, India, Pakistan, Persian Gulf, Gulf of Aden, Red Sea, Bangladesh
29	Pacific/Far East
41	Atlantic/West Africa
42	Gulf/West Africa
51	Atlantic/South and East Africa
52	Gulf/South and East Africa

Exhibit II

U.S. CONTAINER CARRIAGE BY TRADE ROUTE
DOMINANT DIRECTION RELATIVE TO U.S.

1977

Trade Route	Direction	Liner Tonnage	Percentage Containerized	Container Tons
1	IN	245183.	.35	85814.
2	IN	141345.	.10	14134.
3	IN	237033.	.30	71110.
4	IN	105355.	.30	31607.
5	IN	235952.	.30	70786.
6	OUT	404631.	.30	121389.
7	IN	145393.	.30	43618.
8	IN	500241.	.35	175084.
9	OUT	204609.	.30	61383.
10	IN	435815.	.35	152535.
11	OUT	435815.	.30	130745.
12	IN	122227.	1.00	122227.
13	OUT	680098.	.20	136020.
14	OUT	116664.	.15	17500.
15	OUT	940020.	.35	329007.
16	IN	177041.	.10	17704.
17	IN	46513.	.10	4651.
18	OUT	33787.	.10	3379.
19	OUT	22257.	.30	6677.
20	OUT	157379.	.35	55083.
21	IN	166362.	.30	49909.
22	IN	52229.	.10	5223.
23	OUT	159025.	.10	15903.
24	IN	167997.	.15	25199.
25	OUT	102825.	.10	10283.

To determine the number of container moves in the dominant direction on each trade route, TBS developed Unit Load Factors (tons per container) for the dominant direction of each trade route. These Load Factors are based on information obtained from U.S. flag container carriers, analysis of container density factors in appropriate Marad subsidy hearings, and analysis of container statistics from *Containerization International Yearbook 1978*. Container tons were divided by the load factor to yield the number of U.S. container moves in the dominant direction on each trade route during 1977 (Exhibit III). The dominant direction container moves on each trade route were aggregated to determine the total U.S. container moves in foreign trade for 1977.

The formulas for the calculation of U.S. container traffic in foreign trade are the following:

1. Liner Tons \times % Containerized = Container Tons
2. Container Tons \div Unit Load Factor = Annual Container Moves

B. DAILY AVERAGE NUMBER OF U.S. CONTAINERS IN FOREIGN COUNTRIES DURING 1977

To determine the daily average number of U.S. Containers in foreign countries, TBS developed foreign turntimes—the amount of time each container moved spends in the foreign country while completing the move—for each trade route. For trade routes which include several countries with high container traffic volumes, TBS developed the weighted-average container turntime based on the container volume and turntime associated with each country on the trade route. The turntimes for foreign countries which TBS used to develop the trade route turntimes are based upon the actual experience of U.S. flag container

Exhibit III

**U.S. CONTAINER CARRIAGE BY TRADE ROUTE
DOMINANT DIRECTION RELATIVE TO U.S.**

Trade Route	Direction	Container Tons	Tons Per Unit	Container Moves
1	IN	85814.	11.	7801.
2	IN	14135.	11.	1285.
3	IN	234663.	7.	33523.
4	IN	104797.	8.	13099.
5	IN	223606.	9.	24845.
6	OUT	400585.	9.	44510.
7	IN	143939.	8.	17992.
8	IN	369157.	9.	41017.
9	OUT	174113.	9.	19347.
10	IN	683680.	9.	75699.
11	OUT	144796.	11.	13163.
12	IN	122287.	8.	15286.
13	OUT	136020.	10.	13602.
14	OUT	17500.	11.	1591.
15	OUT	511012.	11.	46451.
16	IN	17704.	8.	2213.
17	IN	4258.	11.	387.
18	OUT	8812.	1.	881.
19	OUT	169937.	9.	18882.
20	OUT	169906.	10.	16991.
21	IN	1585161.	10.	158516.
22	IN	9963.	10.	996.
23	OUT	15910.	10.	1591.
24	IN	25200.	10.	2520.
25	OUT	10283.	11.	935.

TOTAL U.S. CONTAINER MOVES IN FOREIGN TRADE 4661012

operators. The foreign turntimes for each trade route were multiplied by the number of dominant direction container moves on the trade route to obtain the number of container days spent in foreign countries. The container days were divided by 365 days to yield the daily average number of U.S. containers in the foreign countries on the trade route. These were then aggregated to provide the world-wide daily average number of U.S. containers in foreign countries during 1977 (Exhibit IV).

The formulas for the calculations of the daily average number of containers in foreign countries are as follows:

1. Container Moves x Foreign Turntime = Container Days
2. Container Days ÷ 365 Days = Daily Av. Number of Containers in Foreign Countries

C. AVERAGE AMOUNT OF TIME U.S. CONTAINER SPENT IN FOREIGN COUNTRIES DURING 1977

TBS developed an estimated container cycle time for each trade route. The cycle time defines the amount of time required for one container to make a complete operating cycle (round trip) on the trade route. It is comprised of three components:

- U.S. Turntime—the amount of time the container spends in U.S. during one cycle;
- Voyage Time—the amount of time the container spends on the vessel during one cycle;
- Foreign Turntime—the amount of time the container spends in a foreign country during one cycle.

The TBS estimates of each of these components were based on the current experience of U.S. flag containership operators.

Exhibit IV

DAILY AVERAGE NUMBER OF U.S. CONTAINERS
IN FOREIGN COUNTRIES BY TRADE ROUTE
(1977)

Trade Route	Container Moves	Foreign Turntime	Container Days	Daily Average Number of Containers
1	7801.	37.	288637.0	791.
2	1285.	42.	53970.0	148.
3	3352.	18.	60336.0	165.
4	13100.	18.	235800.0	646.
5	6093.	21.	127953.0	351.
6	1790.	14.	25060.0	68.
7	1790.	18.	32220.0	88.
8	3619.	20.	72380.0	198.
9	1203.	18.	21654.0	59.
10	3147.	18.	56646.0	155.
11	1313.	20.	26260.0	72.
12	1368.	20.	27360.0	75.
13	1133.	21.	23805.0	65.
14	1330.	21.	27930.0	76.
15	6647.	21.	139587.0	382.
16	6613.	18.	119034.0	326.
17	3007.	20.	60140.0	165.
18	3373.	42.	141666.0	388.
19	3743.	20.	74860.0	205.
20	1042.	20.	20840.0	57.
21	19014.	14.	266196.0	732.
22	464.	42.	19548.0	53.
23	1366.	42.	57552.0	158.
24	6100.	42.	256200.0	702.
25	695.	42.	29295.0	80.
26	695.	42.	29295.0	80.
27	695.	42.	29295.0	80.
28	695.	42.	29295.0	80.
29	695.	42.	29295.0	80.
30	695.	42.	29295.0	80.
31	695.	42.	29295.0	80.
32	695.	42.	29295.0	80.
33	695.	42.	29295.0	80.
34	695.	42.	29295.0	80.
35	695.	42.	29295.0	80.
36	695.	42.	29295.0	80.
37	695.	42.	29295.0	80.
38	695.	42.	29295.0	80.
39	695.	42.	29295.0	80.
40	695.	42.	29295.0	80.
41	695.	42.	29295.0	80.
42	695.	42.	29295.0	80.
43	695.	42.	29295.0	80.
44	695.	42.	29295.0	80.
45	695.	42.	29295.0	80.
46	695.	42.	29295.0	80.
47	695.	42.	29295.0	80.
48	695.	42.	29295.0	80.
49	695.	42.	29295.0	80.
50	695.	42.	29295.0	80.
51	695.	42.	29295.0	80.
52	695.	42.	29295.0	80.
53	695.	42.	29295.0	80.
54	695.	42.	29295.0	80.
55	695.	42.	29295.0	80.
56	695.	42.	29295.0	80.
57	695.	42.	29295.0	80.
58	695.	42.	29295.0	80.
59	695.	42.	29295.0	80.
60	695.	42.	29295.0	80.
61	695.	42.	29295.0	80.
62	695.	42.	29295.0	80.
63	695.	42.	29295.0	80.
64	695.	42.	29295.0	80.
65	695.	42.	29295.0	80.
66	695.	42.	29295.0	80.
67	695.	42.	29295.0	80.
68	695.	42.	29295.0	80.
69	695.	42.	29295.0	80.
70	695.	42.	29295.0	80.
71	695.	42.	29295.0	80.
72	695.	42.	29295.0	80.
73	695.	42.	29295.0	80.
74	695.	42.	29295.0	80.
75	695.	42.	29295.0	80.
76	695.	42.	29295.0	80.
77	695.	42.	29295.0	80.
78	695.	42.	29295.0	80.
79	695.	42.	29295.0	80.
80	695.	42.	29295.0	80.
81	695.	42.	29295.0	80.
82	695.	42.	29295.0	80.
83	695.	42.	29295.0	80.
84	695.	42.	29295.0	80.
85	695.	42.	29295.0	80.
86	695.	42.	29295.0	80.
87	695.	42.	29295.0	80.
88	695.	42.	29295.0	80.
89	695.	42.	29295.0	80.
90	695.	42.	29295.0	80.
91	695.	42.	29295.0	80.
92	695.	42.	29295.0	80.
93	695.	42.	29295.0	80.
94	695.	42.	29295.0	80.
95	695.	42.	29295.0	80.
96	695.	42.	29295.0	80.
97	695.	42.	29295.0	80.
98	695.	42.	29295.0	80.
99	695.	42.	29295.0	80.
100	695.	42.	29295.0	80.

TOTAL DAILY AVERAGE NUMBER OF U.S. CONTAINERS IN
FOREIGN COUNTRIES: 29374

The cycle time for each trade route was divided into 365 days to determine the number of cycles each container could make during one year (Exhibit V). The number of cycles developed for each trade was divided into the number of container moves in the dominant direction to determine the total number of containers required to support the system. The total number of containers was then divided into the total number of container days spent in foreign countries on the trade route to yield the number of days each U.S. container spent in foreign countries on the trade route during 1977. To determine the world-wide value, the total container days in foreign countries for all trade routes was divided by the total number of U.S. containers required on all trade routes (Exhibit VI).

The formulas for calculating the time a U.S. container spent in foreign countries in 1977 are as follows:

1.
$$\frac{(\text{U.S. Turntime} + \text{Voyage Time} + \text{Foreign Turntime})}{365} = \text{Cycles}$$
2.
$$\text{Container Moves} \div \text{Cycles} = \text{Containers Required.}$$
3.
$$\text{Container Days in Foreign Countries} \div \text{Containers Required} = \text{Days U.S. Containers Spent in Foreign Countries}$$

Exhibit V

ESTIMATED CONTAINER CYCLE TIME
BY TRADE ROUTE

1977

Trade Route	U.S. Turntime	Transit Voyage Time	Foreign Turntime	Number of Cycles
1	4.00	4.00	4.00	4.00
2	4.00	4.00	4.00	4.00
3	4.00	4.00	4.00	4.00
4	4.00	4.00	4.00	4.00
5	4.00	4.00	4.00	4.00
6	4.00	4.00	4.00	4.00
7	4.00	4.00	4.00	4.00
8	4.00	4.00	4.00	4.00
9	4.00	4.00	4.00	4.00
10	4.00	4.00	4.00	4.00
11	4.00	4.00	4.00	4.00
12	4.00	4.00	4.00	4.00
13	4.00	4.00	4.00	4.00
14	4.00	4.00	4.00	4.00
15	4.00	4.00	4.00	4.00
16	4.00	4.00	4.00	4.00
17	4.00	4.00	4.00	4.00
18	4.00	4.00	4.00	4.00
19	4.00	4.00	4.00	4.00
20	4.00	4.00	4.00	4.00
21	4.00	4.00	4.00	4.00
22	4.00	4.00	4.00	4.00
23	4.00	4.00	4.00	4.00
24	4.00	4.00	4.00	4.00
25	4.00	4.00	4.00	4.00
26	4.00	4.00	4.00	4.00
27	4.00	4.00	4.00	4.00
28	4.00	4.00	4.00	4.00
29	4.00	4.00	4.00	4.00
30	4.00	4.00	4.00	4.00
31	4.00	4.00	4.00	4.00
32	4.00	4.00	4.00	4.00
33	4.00	4.00	4.00	4.00
34	4.00	4.00	4.00	4.00
35	4.00	4.00	4.00	4.00
36	4.00	4.00	4.00	4.00
37	4.00	4.00	4.00	4.00
38	4.00	4.00	4.00	4.00
39	4.00	4.00	4.00	4.00
40	4.00	4.00	4.00	4.00
41	4.00	4.00	4.00	4.00
42	4.00	4.00	4.00	4.00
43	4.00	4.00	4.00	4.00
44	4.00	4.00	4.00	4.00
45	4.00	4.00	4.00	4.00
46	4.00	4.00	4.00	4.00
47	4.00	4.00	4.00	4.00
48	4.00	4.00	4.00	4.00
49	4.00	4.00	4.00	4.00
50	4.00	4.00	4.00	4.00
51	4.00	4.00	4.00	4.00
52	4.00	4.00	4.00	4.00
53	4.00	4.00	4.00	4.00
54	4.00	4.00	4.00	4.00
55	4.00	4.00	4.00	4.00
56	4.00	4.00	4.00	4.00
57	4.00	4.00	4.00	4.00
58	4.00	4.00	4.00	4.00
59	4.00	4.00	4.00	4.00
60	4.00	4.00	4.00	4.00
61	4.00	4.00	4.00	4.00
62	4.00	4.00	4.00	4.00
63	4.00	4.00	4.00	4.00
64	4.00	4.00	4.00	4.00
65	4.00	4.00	4.00	4.00
66	4.00	4.00	4.00	4.00
67	4.00	4.00	4.00	4.00
68	4.00	4.00	4.00	4.00
69	4.00	4.00	4.00	4.00
70	4.00	4.00	4.00	4.00
71	4.00	4.00	4.00	4.00
72	4.00	4.00	4.00	4.00
73	4.00	4.00	4.00	4.00
74	4.00	4.00	4.00	4.00
75	4.00	4.00	4.00	4.00
76	4.00	4.00	4.00	4.00
77	4.00	4.00	4.00	4.00
78	4.00	4.00	4.00	4.00
79	4.00	4.00	4.00	4.00
80	4.00	4.00	4.00	4.00
81	4.00	4.00	4.00	4.00
82	4.00	4.00	4.00	4.00
83	4.00	4.00	4.00	4.00
84	4.00	4.00	4.00	4.00
85	4.00	4.00	4.00	4.00
86	4.00	4.00	4.00	4.00
87	4.00	4.00	4.00	4.00
88	4.00	4.00	4.00	4.00
89	4.00	4.00	4.00	4.00
90	4.00	4.00	4.00	4.00
91	4.00	4.00	4.00	4.00
92	4.00	4.00	4.00	4.00
93	4.00	4.00	4.00	4.00
94	4.00	4.00	4.00	4.00
95	4.00	4.00	4.00	4.00
96	4.00	4.00	4.00	4.00
97	4.00	4.00	4.00	4.00
98	4.00	4.00	4.00	4.00
99	4.00	4.00	4.00	4.00
100	4.00	4.00	4.00	4.00

1977

[illegible]

Total Average Time in Foreign Countries 85.7